

Message Text

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60

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-10 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-02 FRB-01

OMB-01 ITC-01 FTC-01 L-03 /056 W

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R 281758Z JUL 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 604

UNCLAS OTTAWA 3059

E.O. 11652: N/A

TAGS: ETRD, EPAP, CA

SUBJ: CANADIAN SURTAX ON TEXTURED POLYESTER FILAMENT YARN
IMPORTS

REF: OTTAWA 2959

1. FOLLOWING RECOMMENDATION OF TEXTILE AND CLOTHING BOARD
REPORT, GOC HAS IMPOSED SURTAX ON TEXTURED POLYESTER
FILAMENT YARN UNDER GATT ARTICLE XIX. SURTAX WILL BE
APPLIED FOR 180 DAYS BEGINNING JULY 8, 1976, ACCORDING
TO SCHEDULE DRAWN BY THE BOARD AND IS
EQUAL TO DIFFERENCE BETWEEN INVOICE PRICE ON IMPORTS FROM
ANY COUNTRY AND VALUE PER POUND, ACCORDING TO FOLLOWING
TABLE:

DENIER NATURAL DYED

140-199 \$1.00 \$1.50

110-139 1.10 1.60

80-109 1.27 1.80

UP TO 79 1.50 2.10

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2. GOC IMPOSED SURTAX TO RELIEVE PRESSURE ON CANADIAN

FIRMS CURRENTLY SELLING YARN BELOW COST DUE TO DEPRESSED
WORLD PRICE OF POLYESTER FILAMENT YARN. COMPANIES
EXPECTED TO BENEFIT FROM SURTAX ARE CELANESE CANADA LTD.
AND DUPONT CANADA LTD., BOTH OF MONTREAL, AND SEVERAL
INDEPENDENT MANUFACTURERS WHO TOGETHER EMPLOY THOUSANDS
OF WORKERS. ALL FIRMS CONCERNED HAVE RECENTLY LAID OFF
WORKERS.

3. INDUSTRY HOPES INCREASED DEMAND OVER NEXT SIX MONTHS
WILL MAKE RENEWAL OF TAX UNNECESSARY. RENEWAL WOULD IN
ANY CASE BE DIFFICULT, REQUIRING AN ACT OF PARLIAMENT.

4. THE UNITED STATES WAS CANADA'S LARGEST SUPPLIER OF
POLYESTER YARN IN 1975. BOARD'S REPORT CITES ALLEGED
CUT-PRICE SHIPMENTS OF TEXTURED YARN FROM U.S. IN
JUSTIFYING ITS RECOMMENDATION OF SURTAX. IMPOSITION OF
SURTAX RELATED TO ANTI-DUMPING ACTION TAKEN BY GOC
AGAINST U.S. AND OTHER COUNTRIES WHICH EMBASSY REPORTED
IN REFTEL.

5. COPIES OF BOARD'S REPORT BEING POUCHED TO DEPARTMENT
BY AIRGRAM.
ENDERS

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NNN

Message Attributes

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Margaret P. Grafeld
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